

## RECORD OF PROCEEDINGS

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### MINUTES OF THE BOARD OF WATER COMMISSIONERS

**Open Session**

**August 10, 2005**

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, August 10, 2005 beginning at 9:16 a.m. in the Board Room, Room 309, 1600 West 12<sup>th</sup> Avenue, Denver, Colorado. Members of the Board present during the Regular Meeting were:

**George B. Beardsley, First Vice President**  
**Thomas A. Gougeon, Vice President**  
**Richard A. Kirk, Vice President**  
**Denise S. Maes, Vice President<sup>1</sup>**

Board employees and others present during portions of the Meeting were:

H. J. Barry, Manager  
P. L. Wells, General Counsel  
D. B. LaFrance, Director of Finance  
E. E. Pokorney, Director of Planning  
M. L. Bassett, Director of Public Affairs  
B. D. Good, Director of Operations & Maintenance  
J. L. Diebel, Director of Engineering  
C. Elam-Floyd, Manager of Human Resources  
A. T. Spaulding, Manager of Purchasing  
G. T. Malmberg, Sales Administrator  
K. Kempke, Manager of Treasury Operations  
S. Renouf, Community Affairs Specialist  
C. R. Dermody, Manager of Information Technology  
M. L. Walker, Attorney  
D. Wyman, Engineering Specialist  
J. H. Bambei, Jr., Chief of Engineering  
H. C. Teigen, Chief of Distribution and Property Management  
L. Firth, Manager of Community Relations  
S. Price, Engineer

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<sup>1</sup> Due to an unavoidable conflict, Commissioner Maes was detained and arrived during the Commissioners' consideration of Agenda Item V-D-2.

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J. E. Crockett, Manager of Risk & Benefit  
M. Medellin, Planner  
K. Urie, Planner  
M. L. Keilwitz, Engineer  
K. R. Keefe, Superintendent of Source of Supply  
G. Wilcox, Manager of Budgeting  
D. Bennett, Planner  
C. N. Strother, Engineer  
W. E. Balliet, Engineering  
K. D. Kuykendoll, Manager of Rate Administration  
Duane Tinsley, Southgate Water & Sanitation District  
Dave Romero, Denver Parks and Recreation  
Dave Kaunisto, East Cherry Creek Valley Water and Sanitation District  
Elizabeth Wilson, Longview Landowner  
William Michael, Longview Landowner  
Kim Calomino, Home Builders Association of Metro Denver  
Rebekah Wilson, Colorado Environmental Coalition  
Bart Miller, Western Resource Advocates

#### Media

Jerd Smith, Rocky Mountain News  
Kim McGuire, Denver Post

Commissioner Beardsley called the meeting to order.

Upon motion regularly made, seconded and unanimously carried, Commissioner Roberts was found to be absent for substantial cause and was excused.

Upon motion regularly made, seconded and unanimously carried, the reading of the Minutes of the Regular Meeting of July 13, 2005 was dispensed with and such Minutes were approved.

Upon motion regularly made, seconded and unanimously carried, the Minutes of the Executive Sessions of July 13, 2005 and July 27, 2005 were approved.

#### PUBLIC COMMENT

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In response to Commissioner Beardsley's invitation to comment regarding matters not included in the Board's agenda, Elizabeth Wilson addressed the Commissioners regarding property owned by her family in the Longview area of the South Platte River. Ms. Wilson explained that her family had been working with representatives of Denver Water to clear discrepancies and establish acceptable boundaries of family property since 2000. The need for new surveys was made more immediate because of a 2001 BLM resurvey of the area. Discussions with representatives of Denver Water had included offers for Denver Water to purchase the property, but discussions halted earlier in the year because of Denver Water's budgetary problems. Although the family may not now be interested in selling, there was a need to resolve boundary issues.

Mr. Diebel explained that other properties were involved in the resurvey efforts and Denver Water staff would work with the Wilson family to establish boundaries.

#### CEREMONY

Mr. Diebel reported that the Board's Recycling Plant had recently been recognized by two separate organizations: The American Academy of Environmental Engineers presented its 2005 grand prize for design to Denver Water, CH2M Hill and Boyle Engineering; and the American Council of Engineering Companies of Colorado had presented its 2005 engineering excellence award to Boyle Engineering and CH2M Hill.

Upon motion regularly made, seconded and unanimously carried by the Commissioners then present, unless otherwise noted, the Board acted upon the following agenda items:

1. **ITEM V-B-1: AMENDMENT TO THE 2002 NON-POTABLE WATER LEASE WITH EAST CHERRY CREEK VALLEY**

Approved Amendment to the 2002 Nonpotable Water Lease Agreement with the East Cherry Creek Valley Water and Sanitation District to continue deliveries of nonpotable water to Strontia Springs Reservoir where East Cherry Creek Valley will make it available to the City of Aurora and to allow for interim potable water deliveries to East Cherry Creek Valley via temporary connections until the District's pipeline from Beebe Draw is completed, all as more particularly described in the Amendment, a copy of which is attached to and incorporated in these Minutes as Exhibit "A."

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2. **ITEM V-D-1: AWARD OF CONTRACT FOR METRO SEWER EFFLUENT PUMP STATION HVAC AND ROOF REPLACEMENT**  
Authorized award of a contract for the Metro Sewer Effluent Pump Station HVAC and roof replacement to Wilderness Construction, at a cost to the Board not to exceed \$132,869.10.
3. **ITEM V-D-2: AWARD OF CONTRACT FOR RECYCLING PLANT SOLIDS DRYING BEDS<sup>2</sup>**  
Authorized the award of a contract to Jenninson Construction, Inc. to construct four sand-drying beds and ancillary facilities for the Recycling Plant, at a cost to the Board not to exceed \$2,005,559.  
  
Mr. Diebel explained construction of the Recycling Plant solids drying beds is necessary because of the high capital and operational costs which would be incurred if the Recycling Plant solids were delivered to the Metro Wastewater Reclamation District Central Treatment Plant for disposal. Solids from the drying beds are expected to be either land-filled or delivered to a composting facility.
4. **ITEM V-D-3: DECLARATION OF SURPLUS PROPERTY AND AUTHORIZATION TO SELL 5.97 ACRES TO SITTEMA PROPERTIES**  
Declared a 5.97 acre parcel located in the SW¼ of Section 9, Township 5 South, Range 68 West in Arapahoe County, Colorado as more particularly described on Exhibit "B," attached to and incorporated in these Minutes, not useful for or required in the water works operations and authorized the sale of the property to Sittema Properties, under the terms and conditions of a Contract to Buy and Sell Real Estate for the total price of \$2,730,558, a copy of which is attached to and incorporated in these Minutes as Exhibit "C."  
  
Mr. Diebel explained the property was acquired in 2002 from Payless Cashways to replace the Wynetka Decentralization Facility. Denver Water has determined that it will be able to continue to operate at the existing site, and at the request of the City of Littleton, the Santa Fe Drive property can be declared surplus, and sold for development.

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<sup>2</sup> Commissioner Maes arrived during the Board's consideration of Agenda Item V-D-2.

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5. **ITEM V-D-4: RATIFICATION OF CONSTRUCTION CONTRACT CHANGE ORDER**

Ratified a construction contract change order and an amendment to contract authorized by the Manager in July 2005 as follows: Change Order No. 2 to the contract with Landtech Contractors, Inc. for the Marston Treatment Plant landscape and irrigation renovations; and Amendment to the August 1, 2004 contract with Compel, LLC for purchase and installation of a new telephone system, all as more particularly described in Agenda Item V-D-4, dated August 10, 2005, a copy of which is attached to and incorporated in these Minutes as Exhibit "D."

6. **ITEM V-D-5: REPLACEMENT OF CONDUIT NO. 13 THROUGH CDOT/T-REX PROJECT AND UNIVERSITY BOULEVARD**

Authorized an agreement with T-Lowell Construction, Inc. to install approximately 1320 feet of replacement pipe for Conduit No. 13 through the Colorado Department of Transportation/T-Rex Project in University Boulevard, at a cost to the Board of \$642,000.

Mr. Barry explained the need to replace the concrete pipe installed in 1935 with new steel pipe. Because of the new roads, highway ramps and other infrastructure being constructed as a part of the T-Rex project and the difficulty of making future repairs or replacements in University, Denver Water determined to extend the replacement project, rather than lower only a portion of the conduit. Mr. Wyman explained the contractor is a subcontractor to Southeast Corridor Constructors (SECC), contractor for the T-Rex project, and the contract will be administered by SECC. SECC will obtain all permits, provide construction services, and will hold the Board harmless for schedule delays and winter paving implications. Additionally, SECC waived all fees for betterments caused by the contract, all of which benefited Denver Water.

7. **ITEM V-D-6: AWARD OF CONTRACT FOR GROSS RESERVOIR HYDROELECTRIC PROJECT**

Authorized the award of a contract for the Gross Reservoir Hydroelectric Project to Western Summit Constructors, Inc. in the amount of \$10,574,536.

Mr. Keilwitz explained the history of development of hydroelectric power at the Gross Reservoir site, including the licensing of Gross Reservoir as a municipal water source and hydroelectric power project in 1950 by the

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Federal Power Commission. Although the reservoir was completed in 1955, the hydroelectric facility was not installed. In 2001 FERC issued a new 40-year license to Denver Water which required construction of the power plant. The powerhouse will be constructed downstream of the existing valve house, and will include two 3.8 megawatt turbine-generators. Total project costs including the costs of construction of the powerhouse, acquisition of the two turbines and generators and completion of a transmission line by Xcel Energy are currently estimated at \$14.1 million. Mr. Keilwitz estimated that the project will have a 10.9 year payback. In response to a question from Commissioner Beardsley, Mr. Keilwitz explained that the power plant is designed so that the height of the dam can be raised by 125 feet.

8. **ITEM V-D-7: FOURTH AMENDMENT OF STANDSTILL AGREEMENT**  
Approved the Fourth Amendment to Standstill Agreement with the Colorado River Water Conservation District and the Board of Commissioners of the County of Summit, extending the interim period under the original agreement to July 31, 2006, and amending the Agreement to allow the Board to file for permits and water rights, if necessary, during the interim, all as more particularly described in the Fourth Amendment, a copy of which is attached to and incorporated in these Minutes as Exhibit "E."
9. **ITEM V-D-8: ADDITION OF FUNDS TO ANNUAL CONTRACT FOR TIRES, TIRE REPAIR SERVICE, ALIGNMENT AND REPAIRS**  
Approved expenditures of an additional \$75,000 under the contract with A & E Tire, Inc. dated December 1, 2003, for tires, tire repair service, alignments and repairs, resulting in a final amended contract amount of \$305,000.
10. **ITEM V-D-9: EXTENSION OF CONTRACT FOR LARGE METER UPGRADE PROGRAM**  
Authorized extension of Contract No. 07650A with Vanguard Utility for the large meter upgrade program, extending the contract period from January 1, 2006 through June 30, 2006, at the unit prices set forth in the pricing list for the contract period January 1, 2006 through November 15, 2006, a copy of which is attached to and incorporated in these Minutes as Exhibit "F," for an additional amount of \$730,000 and a total amended contract amount not to exceed \$2,353,162.

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11. **ITEM V-D-10: SOFTWARE PURCHASE AGREEMENT WITH APPLIX, INC.**

Authorized a Software Purchase Agreement with Applix, Inc., in the amount of \$158,750, to cover the purchase of a TM1 product and the first year software maintenance and support.

Mr. LaFrance explained the Applix TM1 product will be used to improve the efficiency of the ten-year planning and annual budgeting processes, as well as providing needed financial modeling capabilities. Implementation costs with a third-party vendor are not included in the purchase price.

12. **ITEM V-D-11: PURCHASE OF ORACLE DATABASE LICENSES FROM DLT SOLUTIONS, INC. FOR NEW CUSTOMER INFORMATION SYSTEM**

Approved acquisition of four processor-based Oracle data-based licenses (including first-year annual maintenance and support) from DLT Solutions, Inc., at a cost not to exceed \$161,766.48, pursuant to the price quotation dated June 1, 2005, a copy of which is attached to and incorporated in these Minutes as Exhibit "G."

13. **ITEM V-D-12: MOFFAT COLLECTION SYSTEM EIS PHASE IV CONTRACTS FOR CONSULTANT WORK**

Authorized the Eighth Amendment to Agreement with URS Corporation (Contract No. 07538A) amending the August 22, 2003 Agreement to include a detailed scope of work under Phase IVa, which work is to be completed on or before June 30, 2006, at a cost to the Board not to exceed \$2.5 million, and the Eighth Amendment to Agreement with MWH Americas, Inc., amending the August 22, 2003 Agreement (Contract No. 07537A) to include a detailed scope of work for Phase IVa, which work is to be completed on or before June 30, 2006, at a cost not to exceed \$550,000, all as more particularly described in the Amendments, copies of which are attached to and incorporated in these Minutes as Exhibits "H" and "I."

Mr. Pokorney explained the first three phases of the Moffat Collection System Project EIS have been completed. As a result of the reconnaissance level analysis in Phase III, seven alternatives that met environmental and practicality thresholds were identified. The seven alternatives, plus a "no action" alternative now need to be analyzed in more detail in Phase IVa. URS is the consultant to the United States Army Corps of Engineers, and MWH

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serves as Denver Water's consultant. At the present time, it is estimated that the final EIS, Phase V, will be ready for public comment in early 2007.

14. **ITEM V-E-1: HUMAN RESOURCE CHANGES**

Approved the human resource changes set forth in Agenda Item V-E-1 dated August 10, 2005, a copy of which is attached to and incorporated in these Minutes as Exhibit "J," effective the pay period ending **July 29, 2005** unless otherwise noted.

15. **ITEM VI-B-1: DISCUSSION AND INFORMATION: BRIEFING ON 10-YEAR FINANCIAL PLANNING ANALYSIS AND POTENTIAL RATE ADJUSTMENT**

Mr. LaFrance presented information to the Commissioners regarding the Ten-Year financial plan and revenue impacts. Copies of the slides were provided to the Commissioners and the public and a copy is attached to and incorporated in these Minutes as Exhibit "K." Mr. LaFrance explained the annual financial planning process, and the impacts of the drought on Denver Water's finances. Post-drought reductions of use are expected to continue. Water sales revenue continues below budget and O&M and Capital Costs have been adjusted to respond to the impact of less than anticipated revenues. The planned revenue adjustment for 2006 is 8%, as expected last year. The present estimate is that 8% revenue adjustments will be needed through 2009. Mr. LaFrance explained that specific rate proposals and bill impacts will be discussed with the Board in a study session on August 24, that public input to the proposed rate proposals are expected to be taken in public hearings the weeks of August 29, and September 5, and the proposed action item for Board adoption is scheduled for the Regular Meeting on September 14. New rates are proposed to take effect January 1, 2006.

16. **ITEM VI-F-1: DISCUSSION AND INFORMATION: STATUS OF THE INVESTMENT PORTFOLIO**

The Commissioners received the report, "Denver Water Investment Portfolio as of July 31, 2005" as set forth in Agenda Item VI-F-1 dated, August 10, 2005, a copy of which is attached to and incorporated in these Minutes as Exhibit "L."

17. **ITEM VI-F-2: DISCUSSION AND INFORMATION: MANAGER'S OPERATION REPORT**



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The Board was furnished with the Manager's Operation Report dated August 10, 2005, a copy of which is attached to and incorporated in these Minutes as Exhibit "M," which consists of the following individual items:

1. Status of Contract Work
2. Status of Consultant Services

18. **ITEM VI-F-3: DISCUSSION AND INFORMATION: BUDGET STATUS REPORT**

The Commissioners received the 2005 Budget Status Summary for the period ending **July 31, 2005**, a copy of which is attached to and incorporated in these Minutes as Exhibit "N."

19. **ITEM VI-G-1: SCHEDULING OF FUTURE BOARD MEETINGS**

The Commissioners will participate in ceremonies honoring Cheesman Reservoir's 100<sup>th</sup> Anniversary at the Dam, **Wednesday, August 17**, at **10:00 a.m.**

The Board confirmed a Study Session will take place on **Wednesday, August 24, 2005**, at **9:00 a.m.** in the Three Stone Buildings, 1600 W. 12<sup>th</sup> Avenue, Denver, Colorado. The Commissioners will discuss rate proposals, bill impacts and budget matters. If time is available, the Commissioners will discuss the retirement program governance project.

The Board confirmed that the regular meeting would take place on **Wednesday, September 14, 2005**, at **9:15 a.m.** in the Board Room, Room 309, 1600 W. 12<sup>th</sup> Avenue, Denver, Colorado.

No further business appearing, the Board voted unanimously to adjourn into Executive Session at approximately 10:40 a.m. where they discussed potential modification of compensation and reassignment of employee duties.

### **EXECUTIVE SESSION**

On Wednesday, August 10, 2005, commencing approximately at 10:50 a.m. in the Manager's Office, located in the Administration Building, 1600 West 12th

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Avenue, Denver, Colorado, the Board of Water Commissioners met in Executive Session. The following matters which are authorized by C.R.S. § 24-6-402 or D.R.M.C. § 2-34 were discussed during the Executive Session:

1. Potential Modification of Compensation and Reassignment of Employee Duties – C.R.S. § 24-6-402(4)(b)

There being nothing further for the Board to consider, the Executive Session concluded at approximately 12:05 p.m.

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President

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Secretary